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FISCAL IMPACT STATEMENT

LS 6771

BILL NUMBER: HB 1535

NOTE PREPARED: Apr 6, 2009

BILL AMENDED: April 6, 2009

SUBJECT: Food Stamps at Farmers' Markets.

FIRST AUTHOR: Rep. Koch

FIRST SPONSOR: Sen. Steele

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill requires that before January 1, 2010, the Division of Family Resources (DFR) must provide farmer's market administrators or retailers who sell food at a farmers' market with wired or wireless point-of-sale terminals that are connected to the electronic benefits transfer (EBT) system. The bill provides that before July 1, 2010, the Director of DFR may set a limit of not less than 20 wireless point-of-sale terminals that are issued.

Effective Date: July 1, 2009.

Explanation of State Expenditures: (Revised) The bill requires DFR to provide farmer's market administrators or food retailers with wired or wireless point-of-sale terminals connected to the EBT system. How a state implements EBT access for farmers' markets is up to the state, but the federal Food and Nutrition Service (FNS) agency must approve the state plan and vendors must apply for FNS vendor status. The cost of the bill will depend upon how DFR accesses the necessary equipment, what fees they decide to reimburse, outreach and marketing costs necessary to publicize the program, and what FNS approves. The DFR has reported that these provisions can be implemented within the current level of resources available.

In Indiana, there is currently one large market in Bloomington that participates as an EBT accepting retailer. This market did not need special approval since it has the infrastructure necessary to receive the standard EBT retailer equipment.

Background on the Iowa Wireless Project The Iowa Wireless Project began in 2005, at three farmers' markets with ten farmers participating. It is the most robust of the emerging farmers' market EBT programs. In 2007,

total project costs were \$378,000, which included \$268,500 of outreach costs. The Iowa project uses a varied approach in deploying the wireless equipment; some equipment is purchased, other equipment is rented, and “free equipment” is provided by a contractor with an annual contract for a monthly system access charge.

To determine the type of device assigned to a farmer, the Project looks at the number of markets they sell at each week and the number of months each year they sell items. Depending on the type of equipment the farmer uses and whether it was purchased, rented, or “free”, the Project reimburses the farmers for a portion of the monthly fees. Initially, the Project reimbursed farmers for commercial transaction fees (bank EBT cards and charge cards) but discontinued the practice since the Project proved that the farmers increased their income using the wireless technology. (The commercial transactions greatly exceed the food stamp transactions.) During the third year of the Iowa Wireless Project, approximately \$110,000 was used to provide access for 160 farmers.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DFR, Family and Social Services Administration.

Local Agencies Affected:

Information Sources: FSSA, Supplemental Nutrition Assistance Program, *2007 EBT Farmer’s Market Projects Status Report* at: http://www.fns.usda.gov/fsp/EBT/ebt_farmers_markstatus.htm.

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